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FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8268
INFO RUEHBO/AMEMBASSY BOGOTA 7213
RUEHCV/AMEMBASSY CARACAS 2812
RUEHLP/AMEMBASSY LA PAZ JAN LIMA 2252
RUEHGL/AMCONSUL GUAYAQUIL 3182
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS QUITO 000017

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SENSITIVE
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E.O. 12958: N/A
TAGS: [PGOV](#) [EPET](#) [EFIN](#) [EC](#)
SUBJECT: ECUADOR COMPLETES CABINET RE-SHUFFLE

REF: A. 07 QUITO 2651

[B.](#) 07 QUITO 2622

[¶](#)1. (SBU) Summary: President Correa completed his end of year cabinet reorganization, highlighted by Gustavo Larrea's return to government as Coordinating Minister for Internal and External Security, essentially switching portfolios with Fernando Bustamante, who became Minister of Government. Combined with earlier moves, Correa has restored the core group of senior political advisors that helped him win the presidency to the key political positions of his inner circle.

REARRANGING THE CABINET

[¶](#)2. (SBU) On January 3, President Correa announced yet more changes to his cabinet (Ref A). Most notably, he decided to bring back former Minister of Government Gustavo Larrea, whose resignation he accepted after differences emerged a few weeks ago between the two on the Orellana province protests (Ref B). Larrea replaced Fernando Bustamante as Coordinating Minister of Internal and External Security. Bustamante, in turn, was appointed to the important position of Minister of Government.

[¶](#)3. (SBU) Correa upgraded Derlis Palacios Guerrero from Secretary for Institutional Coordination to the new position

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of Coordinating Minister for Strategic Sectors. This ministry's area of influence includes mines, petroleum, transport, and public works. Palacios will be one of seven Coordinating Ministers. The former Ministry of Economy and Finance will now handle only finance. Correa also named the director of the government's Competitiveness Council, Veronica Sion, to be the new Minister of Tourism.

COORDINATING MINISTERS NOW MORE POWERFUL

[¶](#)4. (SBU) The seven Coordinating Ministers are now members of a super cabinet structure, the "strategic cabinet." President Correa announced in his late December radio addresses that he plans to base much of his work on the Coordinating Ministers, each of whom organizes the work of ministries in specific areas of government. The seven areas covered by the Coordinating Ministries are: production, social development, security, economic policy, politics, cultural and national patrimony, and strategic sectors.

[¶](#)5. (SBU) Local press is reporting that the National Secretary of Administration (akin to Chief of Staff), Vinicio Alvarado,

will also be a member of the strategic cabinet. Alvarado, who has the President's trust, will acquire more power, including presiding over the strategic cabinet meetings in Correa's absence. Alvarado was Correa's campaign manager and has been intimately involved in message and image coordination. Ratifying that role, he now also supervises the new office of the Under Secretary for Image, Publicity, and Promotion. Two other long-time Correa confidants, Secretary for National Planning and Development Fander

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Falconi and recently designated Coordinating Minister for Politics Ricardo Patino, round out the inner circle.

COMMENT

¶6. (SBU) With Alberto Acosta presiding over the Constituent Assembly, and Patino and Larrea alongside Alvarado and Bustamante in the inner circle of senior political strategists, the original team that adroitly helped get Correa elected is back in the saddle. This will help Correa navigate what will yet again be a year filled with electoral challenges, starting with the referendum on the Constituent Assembly results later in 2008.

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